



MEMORANDUM

Date:	November 19, 2024
To:	Finance Committee
From:	Kim Taylor, Council Auditor
Subject:	London Trip 2024 – Review of City Costs for Mayor’s Delegation

Background

We were requested to review the costs to the City for the Mayor’s delegation that went to London in October 2024. This memo does not represent an audit or attestation pursuant to Government Auditing Standards. The Background and Review Steps section outlines the work performed.

Below is a summary of questions we were asked to answer and an explanation of our review process.

Questions and Answers

1. **Question** – What amount was spent by the City for the Mayor and each employee of the Mayor’s delegation?

Answer: On the next page is a table of current estimated costs by each employee. The table shows the amounts estimated in the original summary provided by the Mayor’s Office and the current updated amounts. The original amounts were in some instances not the final amounts submitted and there were other adjustments made based on our review. Exhibit 1 includes a further breakdown by each employee.

The reason for the difference in travel costs for each employee is mainly due to the length of the trip being shorter for Mayor Deegan and Phillip Perry as well as those two not seeking reimbursement for airfare or per diem for meals.

It is important to note that all of the amounts are currently in the standard City review process and subject to adjustment. No amounts have been paid except what was directly paid by a City P-Card.

Name	Original Summary	Updated Amount	Increase/ (Decrease)	Comments
Mayor Deegan	\$ 2,978.18	\$ 2,799.37	\$ (178.81)	Per the Mayor's Office, the Mayor is reimbursing the City for incidental charges at the hotel.
Phillip Perry	2,961.77	2,693.31	(268.46)	Original summary had slight conversion difference and included the City paying JAXUSA for two meals.
Ed Randolph	9,541.15	9,327.75	(213.40)	Original summary had some differences for per diem and conversion rates.
Alex Alston	7,253.36	8,371.36	1,118.00	Original summary did not include per diem costs.
	<u>\$ 22,734.46</u>	<u>\$ 23,191.79</u>	<u>\$ 457.33</u>	

2. **Question** – Does it appear as though any taxpayer funds were spent during the Mayor's or an employee's vacation time period?

Answer: No, based on the documentation provided to us.

3. **Question** – Were there any costs to the City for the spouses of the Mayor's delegation that were on the trip?

Answer: There was no evidence of any incremental costs paid by the City for the three spouses to attend the trip. Additionally, we confirmed that the one spouse who is also a City employee was on leave during the time of the trip.

4. **Question** – Why were there different hotel rates?

Answer: Three of the four travelers booked their rooms through the JAXUSA link to the block of rooms. The three each had the same rate in British Pounds (GBP); however, the rates could be different in US dollars based on the date of check-out which could have a different conversion rate on that date.

The fourth traveler booked the room directly and had a slightly lower average price per night in British Pounds; however, given their dates of travel were different from the others, booking directly may not have resulted in a lower average rate for the others.

5. **Question** – Were there any instances of non-compliance with City laws or policies or other issues of note?

Answer: There did not appear to be any instances of non-compliance with City law regarding travel. There were some issues with the initial information provided to us where City policy does not appear to have been followed and some other issues of note. Here is a summary by each traveler.

- Mayor Deegan –
 - There were incidental items amounting to \$178.81 that were charged to the City P-Card as part of the hotel stay. We have been informed the Mayor is reimbursing the City for these amounts. Included in these items was a meal. It is a violation of City Policy for P-Cards to charge a meal to a City P-Card while traveling. It is important to note that this policy is in place to prevent an employee from paying for meals on the City's P-Card and also seeking reimbursement through a per diem; however, in this instance the Mayor did not seek any per diem for this trip.
- Phillip Perry –
 - The original receipt for the hotel indicated no room charge for 10/14 but a room charge for 10/16. This was a mistake and Phillip Perry was able to obtain and provide a corrected copy reflecting the correct dates.
- Ed Randolph –
 - There were some slight differences in the initial submittal with conversion rate amounts being calculated slightly different than City policy. These items are unique to Ed Randolph because he is the only one that used a personal credit card and sought reimbursement. The updated amounts reflect this correction.
- Alex Alston –
 - There were two separate hotel rooms on the travel packet for the night of 10/18. Per the Department, the full hotel reservation was made in London prior to knowing that one night in the middle of the trip needed to be in another city due to a business meeting. We were informed it was too late to change the initial reservation. We would ultimately have to defer to the Department as to whether he could have checked out for that night and then checked back in the following night upon returning. At the very least, steps need to be taken to avoid this type of situation in the future.
 - There was a charge for one meal on the credit card that has been classified as a business meal. As mentioned above, the City P-Card policy prohibits the use of a City P-Card for meals while traveling. It is important to note that a per diem was not requested for this meal.
 - There was an attestation for lost receipts that had to be completed; however, it is important to note that each of the items was on a City P-Card where the amounts and purpose could be substantiated. Also, some of them did have the invoices and receipts of some form.

Background on Review Steps

We requested the travel packet for each employee of the Mayor's delegation from the Mayor's Office. We were informed that there were four employees (shown on the previous table) and that they would pull together the requested information.

We then received an initial summary (Exhibit 2) with some support from the Mayor's Office. It was mentioned in the initial summary from the Mayor's Office that three of the four employees brought spouses on the trip and that no City funds were spent on any of the three spouses. It was further explained that one of the spouses, who is also a City employee, was on leave during the entire trip. During our review we confirmed that those statements were accurate.

With the initial summary there was some support provided; however, we did need some additional information. In the end, we reviewed itineraries to support the days in the United Kingdom for each employee, receipts for the items being reimbursed or paid for with a City P-Card, the conversion rate used for reimbursements to employees to ensure it complied with City Policy, and any other applicable information to determine whether there appeared to be any issues with compliance with City Policy.

Attachments

Exhibit 1 – Updated Summary of London Trip 2024 – Compiled by Council Auditor's Office

Exhibit 2 – Summary of London Trip 2024 – Provided by Mayor's Office on November 5

Exhibit 1

**Updated Summary of London Trip 2024
City Costs for Mayor's Delegation**

As of 11/14/24, no payments to reimburse employees have been processed besides P-Cards. Also, the original amounts were in some instances not the final amounts submitted as noted in the memo.

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Mayor Deegan	\$ 2,978.18	\$ 2,799.37	\$ (178.81)	Per the Mayor's Office, the Mayor is reimbursing the City for incidental charges at the hotel.
Phillip Perry	2,961.77	2,693.31	(268.46)	Original summary had slight conversion difference and included the City paying JAXUSA for two meals.
Ed Randolph	9,541.15	9,327.75	(213.40)	Original summary had some differences for per diem and conversion rates.
Alex Alston	7,253.36	8,371.36	1,118.00	Original summary did not include per diem costs.
	<u>\$ 22,734.46</u>	<u>\$ 23,191.79</u>	<u>\$ 457.33</u>	

Exhibit 1

Summary of Costs for Mayor Deegan

Description	Payment Type	British Pounds	US Dollars
Hotel - 4 nights (10/12-10/15) at £509.25 per night	City P-Card	£ 2,037.00	\$ 2,769.88
Conversion Fee - City P-Card	City P-Card	N/A	29.49
			<u>\$ 2,799.37</u>

Comments

(1)	The mayor did not request reimbursement for airline tickets or per diem for meals based on documentation provided. Additionally, the Mayor is reimbursing the City for incidental charges of \$178.81 (or £131.50) that were originally included in the P-Card charge for the hotel. This included a meal (£105), internet charge (£20), and minibar charge (£6.50).
(2)	The Mayor had items on her calendar starting the morning of 10/13 through evening of 10/15, which lines up with the hotel nights.

Exhibit 1**Summary of Costs for Phillip Perry**

Description	Payment Type	British Pounds	US Dollars
Hotel - 4 nights (10/12-10/15) at £509.25 per night	City P-Card	£ 2,037.00	\$ 2,666.64
Conversion Fee	City P-Card	N/A	26.67
			<u>\$ 2,693.31</u>

Comments

(1)	Did not request reimbursement for airfare or a per diem for meals based on documentation provided.
(2)	Had the same schedule as the Mayor and had items scheduled that lined up with the days in London.
(3)	Original receipt for hotel indicated no room charge for 10/14 but a room charge for 10/16. This was a mistake and Phillip Perry was able to obtain and provide an updated copy.

Exhibit 1

Summary of Costs for Ed Randolph

Description	Payment Type	British Pounds	US Dollars
Airfare	City P-Card	N/A	1,197.90
Luggage Fees	Reimbursement	N/A	200.00
Hotel - 9 nights (10/12-10/20) at £509.25 per night	Reimbursement	£ 4,583.25	5,979.95
Transportation from Hotel to Airport	Reimbursement	105.00	137.03
Ubers in London - Paid in GBP	Reimbursement	50.89	66.43
Ubers in London - Paid in Dollars	Reimbursement	N/A	27.49
Airport Parking	Reimbursement	N/A	138.95
Per Diem (Portions of 10/11-10/21 at \$160/day)	Reimbursement	N/A	1,580.00
			<u>\$ 9,327.75</u>

Comments

(1)	There were items scheduled on the itinerary that line up with the days in London.
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Exhibit 1

Summary of Costs for Alex Alston

Description	Payment Type	British Pounds	US Dollars
Airfare	City P-Card	N/A	\$ 1,550.80
Luggage Fees	City P-Card	N/A	\$ 100.00
Luggage Fees	City P-Card	£ 76.00	\$ 99.26
Hotel - 7 nights (10/14-10/20) at £495.40 avg. per night	City P-Card	3,467.83	\$ 4,529.33
Hotel - 1 night (10/18) - Halston	City P-Card	155.00	\$ 202.65
Business Meeting Meal on 10/15 - No per diem	City P-Card	123.43	\$ 167.19
Ubers/Taxis in London	City P-Card	277.87	\$ 363.54
Transportation in Jax	City P-Card	N/A	\$ 24.96
Currency Conversion Fees	City P-Card	N/A	\$ 53.63
Per Diem (Portions of 10/13-10/21 at \$160/day)	Reimbursement	N/A	\$ 1,280.00
			<u>\$ 8,371.36</u>

Comments

(1)	There were items scheduled on his itinerary that lined up with the days there.
(2)	There were two separate hotel rooms on the travel packet for the night of 10/18. Per the Department, the full hotel reservation was made in London prior to knowing that one night in the middle of the trip needed to be in another city due to a business meeting. We were informed it was too late to change the initial reservation. We would ultimately have to defer to the Department as to whether he could have checked out for that night and then checked back in the following night upon returning. At the very least, steps need to be taken to avoid this type of situation in the future.
(3)	The hotel rate per night was different from the other travelers because the room was not booked through JAXUSA.
(4)	There was a charge for one meal on the credit card that has been classified as a business meal. As mentioned above, the City P-Card policy prohibits the use of a City P-Card for meals while traveling. It is important to note that a per diem was not requested for this meal.
(5)	There was an attestation for lost receipts that had to be completed; however, it is important to note that each of the items was on a City P-Card where the amounts and purpose could be substantiated. Also, some of them did have the invoices and receipts of some form.

Exhibit 2

2024 London Trade Mission

EXPENSES

Total City Cost: \$22,734.46

- Mayor Deegan: \$2,978.18
 - Her London hotel stay (10/12-10/16) was the only city expense. She paid for her own flights and meals like she did last year. Mayor Deegan also paid for her personal vacation after London.
- Phillip Perry: \$2,961.77
 - His London hotel stay (10/12-10/16) and two business meals were his only city expenses.
- Ed Randolph: \$9,541.15
 - London hotel stay (10/12-10/21), flight, taxi/uber, parking, business meals, per diem, luggage fee, business meals
- Alex Alston: \$7,253.36
 - London hotel stay (10/14-10/21), flight, taxi/uber, parking, business meals, luggage fee, business meals
- Joshua Hicks: \$0.00
 - Joshua was on personal leave for vacation. No taxpayer dollars were spent on him. He is personally paying JAXUSA for two business meals and a Jaguars game ticket.

Spouses: Mayor Deegan, Phillip Perry, and Ed Randolph had a spouse attend. No taxpayer dollars were spent on spouses.

Hotel: The hotel rooms were part of a room block negotiated by JAXUSA for the entire delegation. City employees stayed in the same hotel for proximity to the delegation and business meetings. The room costs would have been the same regardless of the presence of spouses.

Jaguars Tickets: All city employees are personally paying JAXUSA for Jaguars game tickets.

SCHEDULE

The mayor was in London from October 12-15. She participated in the UK government's International Investment Summit, met with multiple banking and fintech companies, met with the US Ambassador to the UK and embassy staff, and gave economic development interviews. All these efforts were geared to bring jobs and businesses back to Jacksonville.

Mayor Deegan also had a pre-planned vacation to Italy starting October 16, which she personally paid for. JAXUSA was aware of this and arranged the most important meetings and events on the days she was always scheduled to be in London. Phillip Perry was also on a personal vacation that he paid for during the same time as Mayor Deegan.

The full delegation schedule for the week has been provided as a separate attachment.

IMPACT

Last year's trip yielded Primark opening a 550,000 square foot distribution center in Jacksonville, the UK Secretary of Business and Trade signing the MOU with Florida in Jacksonville, and the Association of British HealthTech Industries conducting its own delegation trip to Jacksonville. Previous trips have also yielded Paysafe establishing its North American headquarters in Jacksonville with 600 jobs and \$51.5 million capital investment. SmartStream Technologies also opened a Jacksonville office with 20 jobs and \$110,000 capital investment.

It's our hope that companies we met with will expand operations or move their company to Jacksonville in the future. In future trips, we will aim to bring more businesses and jobs to Jacksonville, continuing to elevate the Jacksonville brand on the global stage, and securing a London direct flight when Boeing's plane backlog is filled.

Council Auditor's Office
Summary of Changes between Ord. 2024-800 and Meridian's updated 9/30/25 Projections

Total Expenses in Ord. 2024-800	\$ 15,600,256	Comments
Drivers, helpers & oper. wages	578,076	Increase in wages as described was already accounted for in information submitted for Rate Review
Mgrs./Super. wages & salaries	27,595	Wage increase was not mentioned.
CSR wages & salaries	5,303	Wage increase was not mentioned.
Other Salary Changes (Taxes & Benefits)	183,038	Increase to benefits based on increased wages.
Communications	19,933	New tablets for trucks were not mentioned.
Training and Safety	34,943	Increase in training was not mentioned.
Insurance Auto & General	26,698	Increase was not mentioned.
Property Damages	107,166	This is an increase from their original submission of \$39,154. Property damages are to be covered by the hauler pursuant to Section 5 of the contract.
Shop Labor	277,466	The original submission included a 6% reduction when compared to the 9/30/2023 audited expenses of \$606,028. The amount of \$848,718 is an increase of 40% from the 9/30/2023 audited expense. A Wage increase was not mentioned.
Tires/Wheels	46,814	The original submission included a 68% increase for the 9/30/25 projections from the 9/30/23 audited expenses of \$366,414. The amount of \$661,256 is an increase of 80% from the 9/30/2023 audited expense.
R&M Trucks (Parts & Materials)	314,595	The original submission included a 91% increase for the 9/30/25 projections from the 9/30/23 audited expenses of \$221,455. The amount of \$736,612 is an increase of 233% from 9/30/2023 audited expense.
Outside Repair	135,452	Increase was not mentioned.
Shop Supplies	34,759	Increase was not mentioned.
Rent/Lease	34,904	Trailer rental was not mentioned.
Facility Maintenance & Repairs	34,819	Additional repairs were not mentioned. If approved the items mentioned should be depreciated over the useful life of the asset.
Depreciation Operating Assets	131,199	This increase was mentioned.
Professional Fee & Consulting	62,520	Not an operational cost. This was not included in their initial Rate Review submission.
Employee & Community Activity	11,518	Not an operational cost. Originally included \$35,982 in submission and the expense was removed during Rate Review discussions.
Charitable Contributions	62,375	Not an operational cost. Originally included \$2,625 in submission and the expense was removed during Rate Review discussions.
Overhead Allocation	190,348	Increase based on 4% of Gross Revenue
Interest Expense on Equipment Purchases	1,442,242	Not allowed per Section 7.2.2.2 of the contract. Originally included \$1.5 million in submission and the expense was removed.
G&A-Insurance	(280,031)	This is a decrease to their original submission of \$280,031 to reflect the terms of the contract.
Other Increases	16,647	Other adjustments included in Meridian's updated amounts.
Difference	20,189	This is the difference between Meridian's initial submission for Rate Review of \$15,620,455 that excludes Interest and the Rate Review recommended expenses.

Calculation Error on Meridian's 11/12/24 Information \$ **510,414**

Meridian's Request per Information Provided 11/12/24 \$ **19,629,237**

Updated Total Expenses less calculation error \$ **19,118,823**

Number of Premises **81,740**

Monthly Rate per Premise requested by Meridian \$ **23.11**

Income Before Taxes \$ **3,549,314**

Markup (Based on Updated Total Expenses)	18.56%
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Costs that are prohibited per the contract (see next page) \$ **(1,588,562)**

Costs normally removed during Rate Review (see next page) \$ **(175,020)**

Updated Total Expenses less items removed \$ **17,355,241**

Number of Premises **81,740**

Monthly Rate per Premise requested by Meridian \$ **23.11**

Income Before Taxes \$ **5,312,896**

Markup (Based on Revised Expenses)	30.61%
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Council Auditor's Office

Summary of Changes between Ord. 2024-800 and Meridian's updated 9/30/25 Projections cont'd

Calculation with Prohibited/Non-operational Costs Removed

Updated Total Expenses less calculation error (from Page 1)	\$ 19,118,823	
Interest Expense on Equipment Purchases	\$ 1,442,242	Not allowed pursuant to Section 7.2.2.2. of the contract
Property Damages	146,320	Pursuant to Section 5 of the contract hauler is responsible for property damages
Costs that are prohibited per the contract	\$ 1,588,562	
Charitable Contributions	65,000	Not an operational cost of residential garbage collection
Professional Fee & Consulting	62,520	Not an operational cost of residential garbage collection
Employee & Community Activity	47,500	Not an operational cost of residential garbage collection
Costs normally removed during Rate Review	\$ 175,020	
Total Reduction to Expenses	\$ 1,763,582	
Total Reduced Expenses	\$ 17,355,241	
Markup (Contract allows 10% to 15%)	15%	
Income Before Taxes	\$ 2,603,286	
Number of Premises	81,740	
Monthly Rate per Premise	\$ 20.35	

NOTE:

The information above is intended to assist in evaluating the requested expenses of the contract hauler taking into items that are either not allowed or not typically included in contract hauler's expenses. **This is not a recommendation by the Council Auditor's Office.**

Other Comments:

- 1. Expenses:** There are not the same types of expenses in each hauler contract. The Service Area III contract has a contract with an outside vendor to provide both garbage and recycling carts at a cost of \$235,000. The City provides recycling carts for Meridian. Garbage carts are not provided to citizens in Meridian's territory.
- 2. Travel Time:** According to Solid Waste Division the difference between Meridian and the Service Area III contractor travel time at 10am and 2pm is a difference of 2 minutes with each traveling 39 miles.
- 3. Trucks:** Meridian had 8 Side Loaders for recycling and 40 Rear Loaders. The Service Area III contractor has 42 Side Loaders and 19 Rear Loaders
- 4. Types and Number of Routes:**
 Meridian - 43 Routes per day (22 Garbage, 14 Yard Waste, 7 Recycle) Uses Rear Loaders which are less expensive to maintain and can eliminate the need for Bulk Routes.
 Service Area III Contractor - 51 Routes per day (23 Garbage, 12 Yard Waste, 11 Recycle, 5 Bulk) Uses Side Loaders which are more expensive initially and to maintain. Separate routes are needed for Bulk pick-up.

Solid Waste Rate Review

Council Auditor's Office

Purpose of the Rate Review

- A Rate Review is performed every three years pursuant to the hauler contracts and Ordinance Code Section 382.309(b) to determine a proposed monthly rate per residential premise to be paid to a residential hauler.
- The Rate Review process typically begins in February of the rate review year to determine the rate paid to the hauler for the next fiscal year.

Members of the Rate Review Committee

- The 2024 Rate Review Committee included the following members:
 - Nickii Brookins, Solid Waste Accounting Manager
 - Will Williams, Solid Waste Division Chief
 - Tom Hudson, Solid Waste Compliance Manager
 - Heather Reber, CPA, Principal Auditor, Council Auditor's Office
 - Jeff Rodda, Auditor II, Council Auditor's Office
- Pursuant to Section 7.2.2.1 of the contract, the rate review committee shall be established by the Director of Public Works and include, at a minimum, the Division Chief (or a designee) and a staff member from the Office of the Council Auditor.

What is Reviewed

- Two most recent years of audited Financial Statements that include the actual expenses incurred related to the residential contract.
- Five months of actual expenses (October – February) for the fiscal year in which the rate review is conducted and a projection of the remaining seven months of expenses (March – September).
- A projection provided by the hauler of the next fiscal year's expenses related to the residential contract.
- Any additional information requested by the Rate Review Committee to validate reasonableness of the proposed expenses of the hauler. Some requested items included:
 - Payroll Information
 - Truck/Vehicle Repair Invoices
 - Parts Invoices
 - Listing of vehicles associated with the residential contract
- The number of premises served by the hauler along with projected increases in growth for the service area.

2024 Rate Review – Meridian Submittal

- Meridian submitted to the Rate Review Committee total projected expenses of \$17,120,445 for FY 2024/25.
 - This amount included \$1,500,000 in interest expense that is disallowed pursuant to section 7.2.2.2 of the executed contract.
 - This would bring Meridian’s projected expenses to \$15,620,445.
 - If the maximum 15% mark-up was added to their projected expenses, the total revenue to Meridian would be \$17,963,512.
- The agreed upon premise count was 81,740.
- Based on Meridian’s projected expenditures for FY 2024/25 (excluding Interest Expense) and including the maximum mark-up of 15%, the monthly per premise rate would be **\$18.31**.

2024 Rate Review Results

- Expenses of \$15,600,256, which is a difference of \$20,189 from Meridian's submittal (excluding disallowed Interest Expense of \$1,500,000).
- Pursuant to the contract the maximum markup of 15% (i.e. profit to the hauler) was recommended totaling \$2,340,039 based on expenses of \$15,600,256.
- The total paid to the hauler will be \$17,940,295.
- A Premise Count of 81,740 was agreed to.
- Monthly Per Premise Rate of \$18.29
 - $\$17,940,295 / 81,740 = \219.48 – Yearly per Premise Rate
 - $\$219.48 / 12 = \18.29 – Monthly per Premise Rate
- Separate from the premise rate the fuel caps (in gallons) for the next three years are agreed to:
 - FY 2024/25 - 437,470
 - FY 2025/26 - 441,845
 - FY 2026/27 - 446,264

Hauler Realized/Projected Profit Margin

Fiscal Year	Expenses (excluding Interest Expense)	Amount Paid/ To be Paid to Hauler	Profit	Profit Margin	Per Premise Rate
21/22 (Audited)	\$15,663,627	\$18,463,719	\$2,800,092	18%	\$22.44 - First 6-Months (Start-Up) \$16.42 - Last 6-Months
22/23 (Audited)	\$14,678,013	\$16,243,949	\$1,565,936	11%	\$16.91
23/24 (Hauler Projected)	\$15,146,617	\$16,907,357	\$1,760,740	12%	\$17.42

24/25 (Hauler Original Request)	\$15,620,445	Not included	Not included	Not Included	Not included
24/25 (Rate Review, Budget, and Ord. 2024-800 Amount)	\$15,600,256	\$17,940,295	\$2,340,039	15%	\$18.29
24/25 (Hauler Updated Request)*	\$15,620,445	\$22,668,137	\$7,047,692	45%	\$23.11

* The additional \$4.7 million, will further increase the Solid Waste loan amount in FY 24/25 from \$36.6 million to \$41.3 million and the total Solid Waste loan amount will increase to \$100.4 million by 9/30/25. This will cost the City, at a minimum, an additional \$14.1 million over the next three years.

Given there is no guarantee of how the additional funding will be utilized, it is all being shown in the Profit Margin since there are no additional substantiated costs that were submitted during the rate review process.

Why City Hauler Contract Rates are Different

- Different types of expenses included in contract (carts, fuel, disposal costs, etc.)
- Travel Distance (types/number of routes and distance to landfill)
- Different types of trucks used (Rear Loaders vs. Side Loaders)
- Types and number of routes run (Side loaders will have additional routes for bulky items)